INDIANA COMMISSION *for* HIGHER EDUCATION

MAXIMIZING RETURN ON INVESTMENT

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PURPOSE

- Inform student choices about where to study, what to study, and how long to spend in school
- Provide students and families with information about career options and expected salaries
- Help students become smarter borrowers and reduce the overall student debt load

WHY IT MATTERS

- College graduates often earn more than $2 for every dollar they spend on educational costs within the first five years of graduation
- Student choices influence results: significant differences in ROI based on major, time spent in school and amount borrowed
- Student debt in the U.S. now tops $1 billion and is second only to mortgages in total debt

INDIANA'S RESPONSE

- The commission published Return on Investment Reports to help students navigate career options
- State law requires public and private colleges to send annual "truth in lending" disclosures to all borrowers
- The commission provided Persistence Grants to campuses to develop financial literacy courses for state aid recipients

KEY QUESTIONS

- Where can we find salary data for various majors?
- What do students misunderstand about their college investment and how does financial literacy help inform them?
- Do students make different choices about borrowing when they have a better understanding of the implications?
- What can students do to maximize their return on investment within a particular program of study?

CHE ROI Report Findings

Education Pays…and More Education Generally Pays More…

Degree Level	Median Salary (2014) and Percentage of Degree Programs Above State Median Wage, After Graduation					
	Year 1		Year 5		Year 10	
Short-term Certificate	$26,341	23%	$37,608	63%	NA	NA
Longer-term Certificate	$27,875	26%	$34,393	45%	$39,599	75%
Associate	$32,351	44%	$40,299	75%	$47,610	87%
Bachelor's	$32,804	42%	$41,049	89%	$50,041	99%
Master's	$47,308	91%	$55,562	99%	$62,479	100%

Indiana median wage (2014) = $32,500

CHE ROI Report Findings

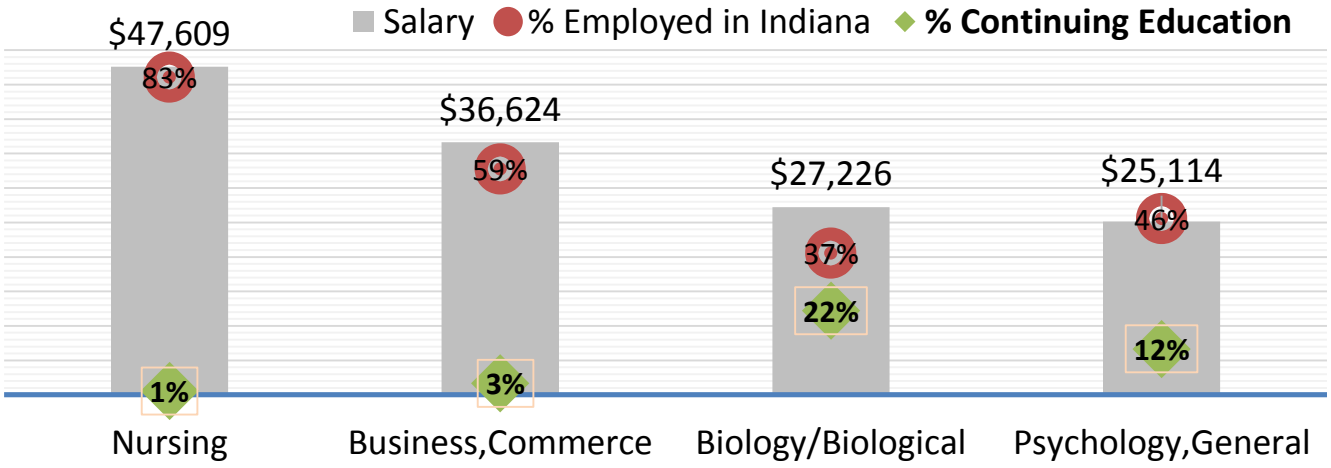
College major and past experience matter…

- Degree programs directly aligned with local industries and employment options often have higher immediate returns
  - Apprenticeship associate degrees, Year 1: ($61,086) vs. Non-apprenticeship associate degrees, Year 1: ($32,137)
  - Health, engineering, computer sciences higher Year 1 wages
- Factors such as student's age at time credential completed may contribute to differences in earning potential
  - Average age for Hoosier certificate and associate degree earners is 6 years older than those who complete a bachelor's (32 vs. 26 years)

CHE ROI Report Findings

Likelihood of continuing education and delaying entry into workforce also influences labor market outcomes…

- For example, approximately 1 out of 4 (22-25%) bachelor's recipients in the STEM fields of biology and physical sciences immediately continue graduate studies, compared to 8% for all majors; these students are not included in Year 1 wages for bachelor's degrees



CHE ROI Report Findings

Stacking credentials in same major/academic field has potential value…sometimes

- For example:
  - Computer and information sciences high-gain stackable major (16-56%)
  - Certificate-to-associate in business administration minimal (<$1,000)
  - Associate and bachelor's in dental hygienist programs identical ($35,000)
- Not all program majors represented at all degree levels
- Likelihood of pursuing same major/academic field decreases with each higher credential

Important to understand additional costs and labor market demand

CHE ROI Report Findings

Where someone studies matters less…

- Typical wages for same degree program (e.g., bachelor's in business or psychology) vary across institutions, generally not by significant margin
- Keep in mind institution mission/focus influences types of programs offered (e.g., engineering=higher wages, social work=lower wages)

…while amount of debt incurred important consideration

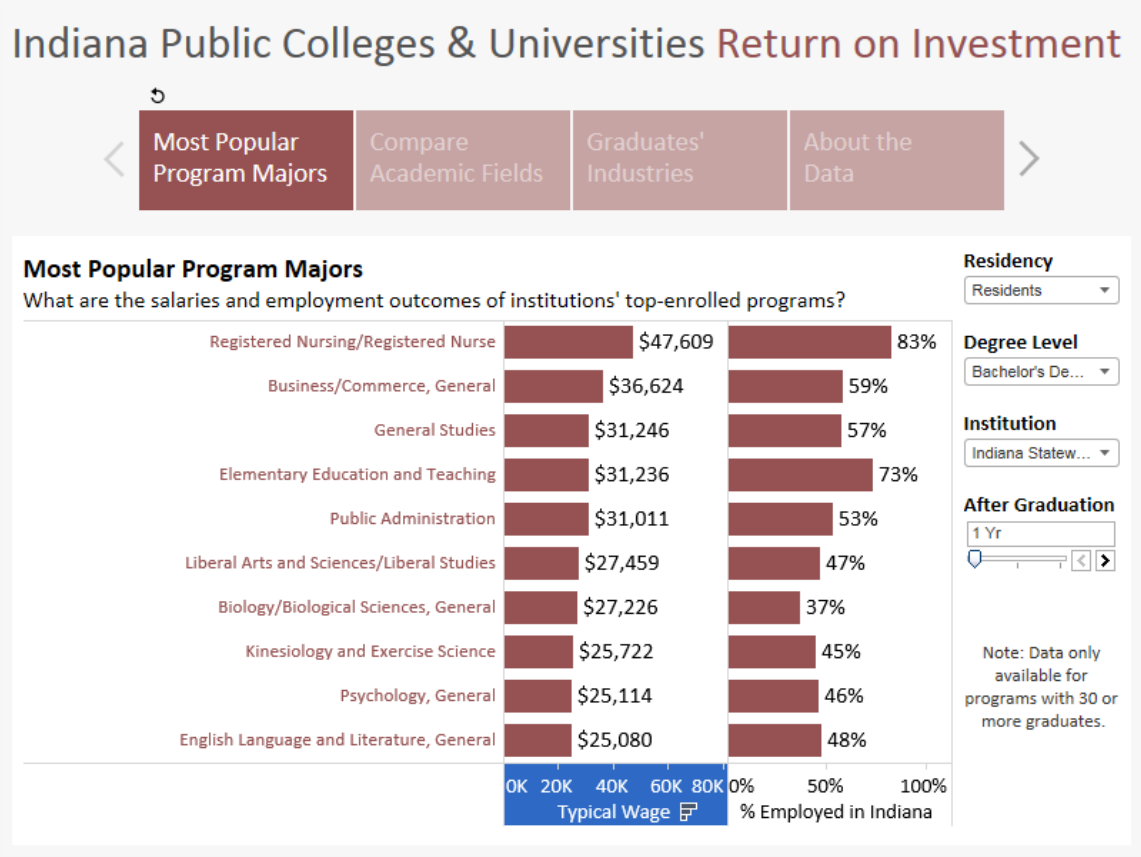
STATEWIDE	The INVESTMENT			
	Annual cost of college BEFORE financial aid	Annual cost of college AFTER financial aid	Average debt upon graduation	% of students with debt at graduation
Two-Year Colleges (Associate Degrees)	$16,648	$9,004	$18,392	58%
Four-Year Colleges (Bachelor's Degrees)	$21,924	$11,146	$27,214	68%

Average debt/costs ↑2-3% per year

Data for 2012-13 academic year

CHE ROI – Interactive Dashboard

[Test dashboard site: https://public.tableau.com/shared/N8FTY8ZYD?:display_count=yes](https://public.tableau.com/shared/N8FTY8ZYD?:display_count=yes)



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Maximizing Return on Investment

Department of Workforce Development

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Financial Literacy & Education ROI

- What does it mean to be financially literate?
- Why is financial education needed at the collegiate level?
- How or where do you start?
- How do you know if you're making a difference (ROI)?
  - Why measure?
  - What and how to measure?

For more information, contact:
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THANK YOU!

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